

International Market Insight

GERMANY

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EU-DIRECTIVE ON WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT - GERMANY

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04/26/2001

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1. SUMMARY

On June 13, 2000, the EU Commission proposed two Directives covering waste. WEEE (Directive on Waste Electrical and Electronic Equipment) and ROS (Directive on the restriction of the use of certain Hazardous Substances in Electrical and Electronic Equipment) will affect all European producers of electrical and electronic devices directly. However in the age of e-commerce, all companies selling into the EU will be affected.

2. WHAT DOES IT MEAN?

WEEE

- Consumers can give back their appliances without any additional costs
- The communities have to organize and finance the collection of appliances
- Stores have to take back old appliances, when a new one is purchased
- After 5 years of transition, importers and manufacturers have to finance the collection, re-use and recycling of the appliances
- For older appliances, that were sold before the directive applied, all manufacturers are responsible
- For capital goods, bilateral agreements can be made
- The minimal quota for the collection is 4 kilograms per citizen/year. For re-use and recycling minimal quotas will be given out. Depending on the appliance, they will be between 50 and 80 percent.
- The directive applies to household appliances, consumer electronics, appliances for IT and communication, lighting equipment, electrical and electronic tools,

toys, electric medical devices, monitoring and control devices and automatic dispensers.

ROS

As of 2008 certain hazardous substances in electrical and electronic equipment cannot be used any longer. These include lead, mercury, cadmium, hexavalent chromium, phenylbenzene (PBB) and diphenyl ether (PBDE).

3. HOW MUCH ELECTRICAL WASTE EXISTS IN GERMANY?

Per year Germany produces about 1 million tons of electrical waste. Of this waste, approx. 55 percent is electrical appliances, like washing machines, refrigerators, and dishwashers. 25 percent are TV-sets, audio and video devices and 20 percent PCs, telephones and other IT appliances. Very often the goods are bought 10 to 20 years ago. Thus, the manufacturer in many cases does not exist any longer.

4. HOW HIGH ARE THE COSTS FOR RECYCLING IN GERMANY?

Costs for recycling of larger appliances like washing machines are about \$10 per unit. For a TV-set or a refrigerator the costs are about \$25. Including the costs for collecting the items in the various communities, experts estimate the overall costs for a Germany-wide disposal system to run up to \$1.5 - \$2 billion per year in the beginning phase. Europe-wide costs are estimated to be about \$3.75 billion.

However, there seems to be a discrepancy between the local estimation for the amount of waste and the recycling thereof, made by the major German association for the electronic industry (ZVEI) and the EU-based calculations, which seem to be a lot lower.

5. THE GERMAN ELECTRONIC INDUSTRY

The German electronic industry belongs worldwide to the most research intensive industries. In Germany, approx. 860.000 employees produce more than 100.000 different products and systems. Every year, about \$6 billion are invested into plants and equipment. 1998, sales was about \$126 billion. More than half of the products manufactured in Germany are exported. 60 percent of the exports go into Western Europe.

6. WHAT PROBLEMS IS THE INDUSTRY CONFRONTED WITH REGARDING THE NEW DIRECTIVES?

Germany's major association for the electronic industry (ZVEI) is of the opinion, that electric and electronic appliances sold in the future will be higher priced than today. Also, the directives might become a market barrier.

In some parts (ROH), WEEE is regarded as counter-productive: instead of eliminating certain components, the industry will be forced to re-use certain materials which today are rated as hazardous, imposing the knowledge of 20 years ago, when the product was manufactured. The reason for this is to be seen in the strict instructions as to what materials are to be re-used.

The industry also faces the problem of building up reserves in order to pay for the recycling. The German industry will have to put \$10 - \$15 billion aside - which is much higher than the anticipated profits before taxes.

The directive proposal defines that whoever produces or imports equipment into a member state on a commercial basis, is regarded as the 'producer' and thus responsible for collection, re-use and recycling. However, the increasing e-commerce will lead to a major problem, since no 'producer' exists. The after-sale service is not only time-wise separated from the payment as well as the actual location of the purchase and recycling.

The industry is working with the legislative bodies in order to find an acceptable solution.

7. MARKET OPPORTUNITIES/BARRIERS FOR U.S. COMPANIES

U.S. companies offering innovative solutions in the recycling market, can find their niche in Germany. However, since Germany's technology is advanced, good chances are mainly seen in niche markets.

Since most large U.S. companies have subsidiaries in Germany, they will be effected by this directive as any other European company. With regard to the e-commerce sector, a solution has not yet been found.

8. WHAT ARE THE NEXT STEPS?

The member states and the European Parliament can modify the directive proposals. This process, in which the EU Commission is involved, can take up to two years. Then the member states have to implement this directive into national law within 18 months. From that moment on, the law is binding with a transitional phase of 5 years.

The directives are under consideration at the time being. Industry experts expects the implementation in 2003.

9. CONTACTS

For further information, please contact:

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